

LYNDEN SCHOOL DISTRICT NO. 504
Whatcom County, Washington
September 1, 1990 Through August 31, 1992

Schedule Of Findings

1. Control Over Cash Receipts Should Be Strengthened

During our audit, we noted that the control over cash receipts should be strengthened at the Traffic Safety Education Department. We noted the following weaknesses over the cash receipts:

- a. Rediform receipts were used.
- b. Mode of payment was not noted on all receipts.
- c. Receipts were not deposited in a timely manner.
- d. Individuals receiving money also accounted for the money.

District management was unaware that official receipt books were not being used by the Traffic Safety Education Department. Instead of using the receipt books issued from the district office, the department purchased Rediform receipts. Use of Rediform receipts, which are readily available from many sources, weakens the audit trail for receipts. In addition, having the same person receipting and accounting for those receipts is incompatible with good internal controls. Both of these conditions increase the risk that errors or irregularities may occur and not be detected in a timely manner.

We recommend the school district:

- a. Use only official, prenumbered receipts.
- b. Note the mode of payment, cash, checks or money orders, on all receipts.
- c. Deposit receipts in a timely manner.
- d. Separate the duties of cash receipting and accounting for the cash collected.